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SUBJECT: CHAVEZ ANNOUNCES CHINESE APPROVAL OF STRATEGIC
FUND FOR CHINA AND VENEZUELA

11. On October 21, 2007 President Chavez announced Chinese approval of a USD six billion Strategic Fund between China and Venezuela (BRV). During a phone call from Miraflores Palace, 21 October, 2007, to aspirants to the United Socialist Party of Venezuela (PSUV) in the State of Anzoategui Chavez stated USD 4 billion will be provided by China and USD 2 billion from the BRV for "productive investment", primarily in Venezuela. The BRV Vice Minister of Finance, Rafael Isea, who recently returned from China, explained that the final structure of the Fund would be developed through a high-level mixed commission.

12. On a separate issue press reports from October 21 announced that PDVSA was considering the purchase of 13 oil rigs from China by the end of the year.

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